

Message Text

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PAGE 01 ACCRA 04370 101640Z

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ACTION AF-06

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-03 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

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E.O. 11652: N/A

TAGS: EAID, ECRE, ENRG, GH

SUBJ: KONG HYDROELECTRIC DAM

1. DURING MEETING WITH MINISTRY OF ECONOMIC PLANNING, DIRECTOR OF PLANNING REO BASOAH REVIEWED WITH USAID DIRECTOR GOG'S PLANS FOR CONSTRUCTION OF KONG DAM EMPHASIZING ITS CRITICAL IMPORTANCE TO GHANA'S ENERGY REQUIREMENTS AND THE URGENCY IN ARRANGING FINANCING DUE TO FIVE-YEAR ESTIMATED LEAD TIME BETWEEN FUNDNG AND COMPLETION. HE POINTED OUT THAT GHANA WILL REQUIRE THIS NEW SOURCE OF POWER BY 1981 WHEN EXISTING SOURCES BECOME FULLY UTILIZED. HE STRESSED ITS IMPORTANCE TO THE COUNTRY'S DEVELOPMENT BROADLY INCLUDING THE FUTURE DEVELOPMENT OF AGROINDUSTRIAL ENTERPRISES. APPROXIMATE COST HE SAID WAS ABOUT \$240-250 MILLION OF WHICH 80 PERCENT FOREIGN EXCHANGE COSTS. ONLY IBRD AND CANADA PRESENTLY COMMITTED TO ASSIST UP TO AN ESTIMATED \$100 MILLION OUT OF THE \$200 MILLION FOREIGN ASSISTANCE NECESSARY. HE SAID IBRD IS NOW SUPPORTING PROJECT AND HAS ACCEPTED FEASIBILITY STUDY. HE EXPRESSED THE GOVERNMENT'S WISH FOR USG ASSISTANCE BUT HE RECOGNIZED THAT AID'S POLICY GAVE A LOW PRIORITY TO SUCH PROJECTS. GOG WAS, OF

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PAGE 02 ACCRA 04370 101640Z

COURSE, APPROACHING OTHER DONORS AS WELL.

2. USAID DIRECTOR NOTED THAT BASCOAH HAS CORRECT UNDERSTANDING AID DEVELOPMENT ASSISTANCE POLICY AND ASKED WHETHER GOG ABLE TO DEMONSTRATE BROAD IMPACT OF PROJECT ON COUNTRY'S GROWTH, ON RURAL DEVELOPMENT AND INCOME DISTRIBUTURION, WHICH WOULD BE KEY CONSIDERATIONS IN ANY USG VIEW OF PROJECT. USAID DIRECTOR ALSO NOTED THAT THERE SOME POSSIBILITY FOR EXIM PARTICIPATION AND SUGGESTED THAT, IF GOG WISHED TO REQUEST USG PARTICIPATION OFFICIALLY, IT MAY WISH TO ADDRESS ITS REQUEST THROUGH THE AMERICAN AMBASSADOR.

3. COMMENT: KPONG DAM PROJECT WILL BE THE MAJOR CAPITAL PROJECT IN GHANA'S COMING DEVELOPMENT PLAN, AND FIANCING IS BECOMING CENTRAL ISSUE. BELATED BUT GROWING AWARENESS IN GOG OF KPONG PROJECT'S VITAL ROLE IN MEETING NEAR FUTURE ENGERY REQUIREMENTS GIVING GOG NEW SENSE OF URGENCY. U.S. PARTICI- PATION IN CONSORTIUM OF DONORS LIKELY BECOME QUESTION OF SIGNIFICANT IMPORTANCE IN U.S.-GHANA RELATIONS EVEN THOUGH GOG ENTHUSIASTIC ABOUT MAIN LINES OF CURRENTLY PLANNED AID PROGRAM AND ITS SUPPORT OF OTHER IMPORTANT PRIORITIES IN GOG DEVELOPMENT PLANS. WE NOTE THAT PRICETAG ON KPONG ESCALATING IN A MAJOR WAY; IN LATE 1974 VISITING EXIMBANK OFFICER WAS TOLD BY VOLTA RIVER AUTHORITY CHIEF EXECUTIVE QUARTEY THAT PRICE THEN HAD GONE UP TO ESTIMATED DOLS 130 MILLION. QUARTEY WAS TOLD AT THAT TIME THAT EXIMBANK PARTICIPATION WOULD BE RELATIVELY MINOR AMOUNT.

4. DECONTROL 12/31/77.

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